

Woodside revisits Timor LNG concept for Sunrise after bullying accusations

06/02/2023, 2:02 am

By Energy Voice



East Timor flag mural on old wall.

Woodside Energy (ASX:WDS) will reassess the option of developing a liquefied natural gas (LNG) project to commercialise the Greater Sunrise gas fields in East Timor after its Timorese partner accused it of “corporate bullying” last December.

The Sunrise Joint Venture (SJV), comprising TIMOR GAP (56.56%), operator Woodside Energy (33.44%), and Osaka Gas (10.00%), today announced their commitment to carry out “a concept select program for the development of the Greater Sunrise fields.”

“The SJV will consider all of the key issues for delivering the gas, for processing and LNG sales, to Timor Leste (East Timor) compared to delivering the gas to Australia,” said the SJV.

“The studies will incorporate and update previous work by utilising the latest technologies and cost estimates while also considering the socio-economic, capacity building, safety, environmental, strategic and security benefits of the various options.”

“The studies will include evaluation of which option provides the most meaningful benefit for the people of Timor-Leste. The SJV is aiming to complete the concept select program expeditiously given the benefits that could flow from developing the Sunrise fields.”

Woodside Energy CEO Meg O’Neill said the development of new technologies and growing demand for safe and reliable LNG meant it was the right time to bring forward the concept select program.

“It is important we continue to look at ways to develop the Greater Sunrise fields using the latest technologies by evaluating, for example, modular LNG, that did not exist in the past. Against a backdrop of global geopolitical instability and constrained energy supply chains, there is an opportunity for the Sunrise Joint Venture to significantly advance this regionally important project,” she said.

Osaka Gas Australia Managing Director Yo Otsuka said it was important to assess and compare the development concept from both technical and commercial points of view to select the best option for the success of the Sunrise project.

Corporate Bully

In December, East Timor’s national oil company (NOC) TIMOR GAP branded Woodside Energy a “corporate bully” after the Australian LNG developer refused to agree to a production-sharing contract (PSC) that would commit gas from Greater Sunrise to be processed onshore East Timor.

In the past, Woodside has insisted that only onshore processing of Sunrise gas in Darwin, northern Australia, would be acceptable, highlighting commercial reasons and technical risks associated with a brand new development in East Timor.

New PSC

In parallel to the concept select program, the SJV said it is “progressing the negotiation of the new Production Sharing Contract (PSC), Petroleum Mining Code and associated agreements with the Timor-Leste and Australian Governments, which upon finalisation will provide the fiscal and regulatory certainty required for a development to proceed.”

A new PSC needs to be agreed before any progress on a development option can be made.

The Sunrise development, located approximately 450 km north-west of Darwin and 150 km south of Timor Leste, comprises the Sunrise and Troubadour gas and condensate fields. The fields contain an estimated contingent resource (2C) 5.3 Tcf of dry gas and 226 MMbbl of condensate (100%).